

Message Text

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C O N F I D E N T I A L USNATO 6992

E.O. 11652: GDS

TAGS: EFIN ECON XH US NATO

SUBJ: ECONADS: EXPOST FACTO NOTIFICATION OF OFFICIALLY BACKED
EXPORT CREDITS OF OVER FIVE YEARS TO COMMUNIST COUNTRIES

REF: USNATO 0949

1. AT THE NOVEMBER 27 ECONADS MEETING (IN CONJUNCTION WITH THE CHAIRMAN'S REMINDER TO THE US REP ABOUT THE THEN OVERDUE DATA ON GOVERNMENT CREDITS TO COMMUNIST COUNTRIES, SINCE RECEIVED AND PASSED TO THE INTERNATIONAL STAFF) THE FRENCH REP (CHEVRIER) TOOK OCCASION TO NOTE THE IMPENDING CIRCULATION OF FRENCH EX POST FACTO REPORTS ON GOF-GUARANTEED EXPORT CREDITS TO BULGARIA, POLAND, AND THE USSR (SINCE ISSUED AS DOC AC/127-NEC/F.93 AND /F.94 11/28 AND 12/3/75). HE SAID IT SEEMED TO HIM THAT HIS WERE THE ONLY REPORTS OF THIS SERIES HE EVER SAW CIRCULATED. HE WONDERED WHETHER THE REQUIREMENT FOR SUCH EXCHANGES OF INFORMATION HAD BEEN REVOKED, MERELY FALLEN INTO DISUSE, OR WHETHER THERE WAS ANY NEED FOR THE FRENCH TO CONTINUE THEIR REPORTS.

2. THE CHAIRMAN RESPONDED THAT THE FRENCH REP WAS ALMOST CORRECT, BUT THAT THE GERMAN DELEGATION HAD ALSO RECENTLY CIRCULATED AN EX POST FACTO REPORT ON A CREDIT TO POLAND (AC/127-NEC/A.40, 11/26/75). HE APPRECIATED THE DILIGENCE OF THESE TWO MEMBERS IN COMPLYING WITH THE REQUIREMENT, WHICH REMAINED CURRENT, AND ASKED OTHER REPS TO DRAW THE SITUATION TO THE ATTENTION OF
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THEIR AUTHORITIES.

3. THE US REP, AWARE FROM RECENT EXCHANGES THAT THE REQUIREMENT DATED BACK TO 1964, SUGGESTED THAT THE DIRECTORATE RE-ISSUE

THE PERTINENT DOCUMENTS IN VIEW OF THE DIFFICULTY OFFICIALS IN CAPITALS MIGHT HAVE IN RETRIEVING THEM. A NUMBER OF OTHER REPS SUGGESTED THAT THE CHAIRMAN ISSUE A NOTE ON THE TOPIC, WHICH WOULD ACCOMPLISH THE SAME PURPOSE. DOC ED/EC/75-89, 12/11/75, RESPONDS TO THOSE SUGGESTIONS, AND REVEALS IN AN ACCOMPANYING TABLE THAT IN THE LAST FIVE YEARS FRANCE AND GERMANY HAVE CIRCULATED 157 AND 35 NOTIFICATIONS RESPECTIVELY, THE UK, NETHERLANDS, BELGIUM AND DENMARK CONSIDERABLY FEWER (THE LATTER TWO NOT SINCE 1971 AND 1970), AND ITALY AND THE US NONE AT ALL.

4. FOR CONVENIENCE OF RECIPIENTS WE QUOTE THE NARRATIVE PORTION OF EX/EC/75/89. BEGIN TEXT:

AT THE MEETING OF THE ECONOMIC COMMITTEE ON 27TH NOVEMBER, 1975, A NUMBER OF REPRESENTATIVES ASKED TO BE INFORMED ON THE BACKGROUND TO THE EX POST FACTO NOTIFICATION OF OFFICIALLY BACKED EXPORT CREDITS OF OVER FIVE YEARS TO COMMUNIST COUNTRIES. THE DECISION TO NOTIFY SUCH CREDITS WAS MADE AT A MEETING OF THE ECONOMIC COMMITTEE ON 8TH OCTOBER, 1964 (REFERENCE AC/127-R/145, ITEM I), AND THE RELEVANT PROCEDURE WAS CIRCULATED IN DOCUMENT AC/127-D/154(FINAL) DATED 21ST OCTOBER, 1964. THE PURPOSE OF THIS PROCEDURE WAS TO ALLOW AN EXCHANGE OF INFORMATION IN THE ECONOMIC COMMITTEE ON DEVELOPMENTS CONCERNING THE GRANTING OF LONGER TERM CREDITS. AT THAT TIME THE WHOLE QUESTION OF LONGER TERM CREDITS WAS UNDER CONSTANT EXAMINATION IN THE ECONOMIC COMMITTEE AND VIEWS DIFFERED, TO SOME EXTENT, ON THE APPROPRIATEDNESS OF EXTENDING SUCH CREDITS TO THE COMMUNIST COUNTRIES.

2. OVER THE YEARS THE PROCEDURE ESTABLISHED IN 1964 PROVED TO BE USEFUL INASMUCH AS IT GAVE AN IDEA OF THE VOLUME OF TRANSACTIONS INVOLVING SALES OF EQUIPMENT AND PLANTS TO COMMUNIST COUNTRIES, SINCE SUCH TRANSACTIONS WERE LARGELY FINANCED BY EXTENDING EXPORT CREDITS OF OVER FIVE YEARS DURATION.

3. AN INVENTORY HAS BEEN MADE OF THE NUMBER OF NOTIFICATIONS RECEIVED FROM VARIOUS MEMBER COUNTRIES SINCE 1ST JANUARY, 1970; THIS APPEARS IN THE TABLE AT ANNEX. FRANCE SEEMS TO BE THE CONFIDENTIAL

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ONLY COUNTRY WHICH HAS KEPT THE COMMITTEE MORE OR LESS REGULARLY INFORMED, FOLLOWED BY THE FEDERAL REPUBLIC OF GERMANY AND THE UNITED KINGDOM. THE NOTIFICATIONS IN MOST CASES ONLY REPRESENT A FRACTION OF THE TRANSACTIONS ACTUALLY TAKING PLACE, AS BORNE OUT BY THE DATA FURNISHED BY INDIVIDUAL MEMBER COUNTRIES TO THE INTERNATIONAL STAFF IN THE CONTEXT OF THE SIX MONTHLY REPORTING PROCEDURE ON CREDITS OR LOANS TO COMMUNIST COUNTRIES.

4. IN THE VIEW OF THE INTERNATIONAL STAFF THE NOTIFICATION PROCEDURE SHOULD BE CONTINUED AND FULLY IMPLEMENTED SO THAT MORE USE COULD BE MADE OF IT. IF DELEGATIONS WERE ABLE TO REPORT PROMPTLY ON ALL CREDITS OF OVER FIVE YEARS THIS, FOR INSTANCE, WOULD GIVE A BETTER IDEA OF THE FUTURE VOLUME OF

EAST-WEST TRADE AND MAKE IT EASIER TO ESTIMATE THE FUTURE VOLUME
OF INDEBTEDNESS OF COMMUNIST COUNTRIES.
END TEXT.

5. SINCE OUR RECORDS FOR THE PERIOD ARE NO LONGER AVAILABLE, WE
INQUIRED OF A LONG-TIME MEMBER OF THE ECONOMIC DIRECTORATE WHETHER,
WHEN INFORMATION REQUEST NO. 170 WAS APPROVED IN 1964, THE US HAD
EXPRESSED ANY RESERVATION. WE WERE ASSURED THAT THIS WAS NOT THE
CASE BUT THAT IT WAS RECOGNIZED AT THE TIME THAT THE USG SIMPLY
WAS NOT FACILITATING PRIVATE EXPORT CREDITS TO COMMUNIST COUNTRIES.
THE OFFICIAL WAS OF THE OPINION THAT THE FRENCH INTERVENTION MAY
WELL HAVE BEEN INTENDED TO "SMOKE OUT" THE ITALIAN AUTHORITIES,
WHICH HAD BECOME VERY ACTIVE OF LATE IN BACKING CREDITS BY
ITALIAN BANKS AND EXPORTERS TO COMMUNIST CUSTOMERS (E.G., AS
EVIDENCED BY THE GERMAN REQUEST FOR CLARIFICATION OF DETAILS
OF ITALIAN CREDITS TO THE USSR--SEE AC/127-R/480 AND 481.).

6. AT THE DECEMBER 18 ECONADS MEETING THE FRENCH REP WELCOMED
THE DIRECTORATE'S NOTE, AND ASKED FOR EARLY COMMITTEE DISCUSSION
OF THE SITUATION. GIVEN INTERVENING HOLIDAYS AND POUCH TIMES
INVOLVED, US REP EXPRESSED PREFERENCE FOR SCHEDULING OF SUCH
A DISCUSSION AT THE JAN. 22 RATHER THAN THE JAN. 8 MEETING.
THE FRENCH REP ALSO URGED THAT, WHATEVER MAY HAVE BEEN THE
PRACTICE IN THE PAST, MEMBERS SHOULD SEEK TO PROVIDE A COM-
PREHENSIVE REPORT FOR 1975 (TO GIVE A DATA BASE ON WHICH TO
BUILD) AND THAT SUBSEQUENT CREDITS BE REPORTED ON A MORE CURRENT
BASIS.

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7. ACTION REQUESTED: GUIDANCE FOR JAN. 22 DISCUSSION. FOR
CONVENIENCE OF INTERESTED AGENCIES (WHICH WE ASSUME WOULD
INCLUDE TREASURY, EXIM, AND BEWT) WE ARE POUCHING MULTIPLE
COPIES OF THE 1964 REQUEST, AC/127-D/154, TO EUR/RPE-WOLFE
FOR FURTHER DISSEMINATION. BRUCE

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<< END OF DOCUMENT >>

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